

IRS



News Release

Media Relations Office**Washington, D.C.****Tel. 202.622.4000****For Release: 11/05/02****Release No: IR-2002-118**

IRS PROPOSES USER FEE FOR CERTAIN OFFER-IN-COMPROMISE REQUESTS

WASHINGTON – The Internal Revenue Service today issued proposed regulations, which, if adopted, would require a \$150 user fee for many Offers-In-Compromise (OIC). A taxpayer would normally be required to pay the user fee at the time the OIC request is submitted.

Low-income taxpayers — those whose incomes fall below the poverty line — would be exempt from the fee. For this purpose, the proposed regulations would authorize the IRS to use the poverty guidelines published by the Department of Health and Human Services, or some other measure.

In addition, OICs based on doubt as to liability only (where doubt exists that the tax assessed is correct) would also be exempt from the user fee. The fee would be refunded in certain other situations, described in the proposed regulations.

An OIC is an agreement between a taxpayer and the IRS that resolves the taxpayer's tax liability. Under certain circumstances, the IRS has the authority to settle, or compromise, federal tax liabilities by accepting less than full payment.

The Office of Management and Budget encourages federal agencies to implement user fees to recover the cost of providing special services to some recipients that others do not use. Accordingly, the proposed fee is designed to recover part of the cost of processing OIC requests and evaluating the taxpayer's ability to pay. This user fee proposal was developed with input from tax professionals, Low-Income Taxpayer Clinics and the IRS Taxpayer Advocate.

Written or electronic comments on the proposed regulations must be received by February 4, 2003. A public hearing on the proposed regulations will be held in Washington, D.C., on February 13, 2003, at 10 a.m. at the IRS, 1111 Constitution Ave., N.W., Room 4718. Persons who wish to present oral comments at the hearing must submit comments and an outline of topics to be discussed by January 23, 2003. Submissions should be addressed to: CC:ITA:RU (REG-103777-02), Room 5226, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

The proposed regulations will be available soon on the IRS Web site at www.irs.gov/regs. Comments can also be submitted electronically through the Web site.

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